

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
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**FISCAL IMPACT STATEMENT**

**LS 7823**

**BILL NUMBER:** SB 481

**DATE PREPARED:** Apr 7, 1999

**BILL AMENDED:** Apr 6, 1999

**SUBJECT:** Charter schools.

**FISCAL ANALYST:** Mark Goodpaster

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**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill allows a sponsor to issue a charter to a nonprofit organizer to establish a charter school. It defines a "sponsor" as the governing body of a school corporation. It allows an organizer to appeal to a state review panel if a proposal to establish a charter school is rejected and at least one-third of the members of the governing body to which the proposal was submitted was in favor of the proposal.

It provides that the decision of the charter school review panel is binding. It sets forth the organization, powers, method of establishment, charter contents, policies, oversight, funding, and restrictions for charter schools. It allows the teachers of a charter school to organize and collectively bargain.

It requires 100% of the teachers in a charter school to hold a license to teach in a public school. It provides that if a school corporation eliminates a teaching position in a noncharter school because of a charter school, the legal or contractual provisions, if any, otherwise applicable to a teacher continue to apply to that teacher. It provides a procedure for the conversion of an existing public school to a charter school that includes teacher and parental approval. It allows two or more school corporations to jointly grant a charter to establish a regional charter school.

It provides that no more than sixty charter schools may be established in Indiana.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** (Revised) This bill makes the following provisions for organizing and funding charter schools.

Establishing a Charter School: The sponsor of a charter school can only be a governing body or two or more governing bodies for a regional charter school. In order for the sponsor to grant a charter to an organizer, the

organizer must submit to the sponsor a proposal to establish a charter school and include in the proposal plans concerning including by not limited to method of instruction, curriculum, transportation and budget. The sponsor would then make available copies to the public copies of the application, give notice of a public hearing and hold a public hearing concerning the proposed charter school.

The sponsor of the charter school must notify the Department of Education of the receipt of a proposal and either acceptance or rejection of a proposal. If a proposal is rejected, and at least one third of the members of the governing body favor the proposal, the organizer may appeal the decision of the governing body to the charter school review panel which would meet to consider the proposal.

The Department would compile information on charter school proposals into a report that would be submitted to the General Assembly.

Fiscal Matters: Students who attend charter schools would be counted the same as students of the school corporation who do not attend a charter school. Consequently, the establishment of a charter school and attendance by students in a charter school will not reduce a school corporation's average daily membership (ADM). **Consequently, passage of this bill will not change the overall amount of funding generated by the current school funding formula.**

The amount that each charter school would receive would depend on the number of students who are enrolled multiplied by a proportionate share of federal, state and local support. The following table shows the average revenue per ADM that school corporations reported receiving from state and local funding sources in 1998. The bottom row shows the average amount that school corporations received on a per ADM basis from the combined sources.

	<u>minimum</u>	<u>average</u>	<u>maximum</u>
<b>State Support</b>	\$0	\$2,587	\$6,492
<b>Levy Support</b>	\$422	\$1,427	\$6,017
<b>Auto Excise Tax</b>	\$54	\$183	\$389
<b>Financial Institutions Tax</b>	\$0	\$9	\$96
<b>Special Education</b>	\$118	\$271	\$510
<b>Vocational Education</b>	\$0	\$65	\$160
<b>At Risk</b>	\$0	\$32	\$198
<b>Growing Enrollment</b>	\$0	\$4	\$140
<b>Academic Honors</b>	\$0	\$8	\$35
<b>Transportation</b>	\$0	\$53	\$186
<b>Average Combined Amount per ADM</b>	\$4,101	\$4,586	\$7,779

If a student who lives outside of the legal settlement of a school corporation that has sponsored a charter school wishes to attend the charter school, the parents may petition both the school corporation in which the student resides and the school corporation which sponsors the charter school. If the petition is approved, the school corporation from which a student transfers would pay transfer tuition to the regional charter school to which the student would attend.

Oversight and Revocation: Organizers which have established a charter school are required to submit an annual report to the Department of Education each year for informational and research purposes.

Limitations on Charter Schools: Not more than 10 charters may be granted before January 1, 2001 and not more than 10 additional charters can be granted before January 1, 2002. Overall, not more than 60 charters may be granted in Indiana and at least 16 of these charters must be reserved for applications for charters that are designed to increase the educational opportunities of at risk students.

Other Restrictions: As amended, charter schools may not duplicate either vocational cooperative programs with employers or any apprenticeship program if these programs are already established in a school corporation. In addition, a charter school is subject to the bidding and wage determination laws and all other statutes and rules that apply to the construction of a public school.

**Explanation of State Revenues:** (Revised) Some monies may be available from Federal sources. Congress has made \$100 million available this year to states for local charter school start up grants. The specific amount that Indiana would have available was not immediately available.

**Explanation of Local Expenditures:** If charter schools are established and a significant shift in students to charter schools occurs, the school corporation may need to reduce staff and operations in the noncharter schools to adjust to the fewer students it needs to serve in the noncharter schools.

**Explanation of Local Revenues:** Passage of this bill would not affect property tax levies or rates because the students enrolled in a charter school would still be included in the school corporation's ADM.

Charter schools and programs would be allowed to charge tuition only for pre-school or Latch Key programs (if the charter school or program provides these programs). In terms of local school property tax levies, there would be no fiscal impact.

**State Agencies Affected:** Department of Education, Professional Standards Board

**Local Agencies Affected:** School corporations

**Information Sources:** Department of Education Data Bases.